

Message Text

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42

ACTION ARA-20

INFO OCT-01 ISO-00 EB-11 COME-00 INT-08 L-03 SS-20 SP-03

NSC-07 CIAE-00 INR-10 NSAE-00 RSC-01 DRC-01 OMB-01

CIEP-02 TRSE-00 OPIC-12 AID-20 IGA-02 /122 W

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R 051315Z JUL 74

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 0880

INFO AMEMBASSY KINGSTON

CONFIDENTIAL SANTO DOMINGO 2728

E.

AJYNRI: EMIN, DR

SUBJECT: ALCOA NEGOTIATIONS WITH GODR REACH TEMPORARY IMPASSE

REF : SD 1548

1. LOCAL MANAGER OF ALCOA, PAT HUGHSON, AND A THREE-MAN TEAM FROM THE PITTSBURGH HOME OFFICE VISITED THE AMBASSADOR JULY 2 TO REPORT THAT THEIR NEGOTIATIONS WITH THE GODR APPARENTLY HAD REACHED A TEMPORARY IMPASSE.

2. THE ALCOA REPS SAID THEY HAD OFFERED TO INCREASE THE GOVERNMENT'S TAX AND ROYALTY TAKE ON BAUXITE EXPORTS FROM ALMOST THREE DOLLARS PER METRIC TON TO ALMOST SIX DOLLARS PER TON AND TO GIVE THE GODR A GUARANTEE TO INCREASE THEIR TAKE TO MATCH WHAT-EVER IS FINALLY DECIDED IN THE JAMAICAN CASE, RETROACTIVE TO JULY 1, 1974. THEY SAID THE GODR NEGOTIATING COMMISSION, COMPOSED OF SECRETARY OF FINANCE SELIMAN, SECRETARY OF INDUSTRY AND COMMERCE SANCHEZ Y SANCHEZ AND EXPORT PROMOTION CENTER DIRECTOR PERICHE, WAS UNWILLING TO ACCEPT THIS OFFER AND WAS DEMANDING A TAX AND ROYALTY TAKE OF CONSIDERABLY MORE THAN THEIR HIGHEST OFFER. THE ALCOA REPS SAID THE DOMINICANS ESSENTIALLY ARE ASKING FOR IMPLEMENTATION OF THE FORMULA RECENTLY IMPOSED BY JAMAICA.

3. ACCORDING TO THE ALCOA REPS, THE NEGOTIATIONS HAVE BEEN VERY CONFIDENTIAL

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CORDIAL AND AT THE FINAL MEETING JULY 2 THE GODR COMMISSION SAID

THEY WOULD FORWARD A REPORT TO THEIR SUPERIORS (READ PRESIDENT BALAGUER) DESCRIBING THE IMPASSE. THE THREE-MAN NEGOTIATING TEAM PLANS TO RETURN TO PITTSBURGH JULY 3 BUT IS PREPARED TO RETURN ON SHORT NOTICE.

4. THE ALCOA REPS ARE CONFIDENT THAT THE CURRENT IMPASSE WILL BE OVERCOME AND THAT AN AMICABLE AGREEMENT WILL BE WORKED OUT WITH THE GODR. THEY BASE MUCH OF THEIR CONFIDENCE ON WHAT THEY BELIEVE TO BE THE FUNDAMENTAL REASONABLENESS OF PRESIDENT BALAGUER.
HURWITCH

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: BAUXITE, EXPORTS, AGREEMENTS, NEGOTIATIONS, MEETING REPORTS, GOVERNMENT REVENUES, PRICE TRENDS, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: shawdg
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974SANTO02728
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D740178-1120
From: SANTO DOMINGO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740772/aaaacjvh.tel
Line Count: 72
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: SD 1548
Review Action: RELEASED, APPROVED
Review Authority: shawdg
Review Comment: n/a
Review Content Flags:
Review Date: 17 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 SEP 2002 by elyme>; APPROVED <14 FEB 2003 by shawdg>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ALCOA NEGOTIATIONS WITH GODR REACH TEMPORARY IMPASSE
TAGS: EMIN, DR, ALCOA, (HUGHSON, PAT)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005